

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

FY2006-08 Biennial Budget Request (Budget Worksheet and Strategic Plan Progress Report under separate cover)

Applicable Statute(s) or Regulation(s):

KRS 156.070 (5); KRS 48.070; KRS 48.810

Action Question:

Should the Kentucky Board of Education (KBE) approve the proposed biennial budget request worksheet and the strategic plan progress report for submission to the Governor's Office for Policy and Management (GOPM) and the Legislative Research Commission (LRC)?

History/Background:

Existing Policy. As required by KRS 156.024, the KBE must review and approve the requested Department of Education's biennial budget prior to submission to GOPM and LRC. KRS 48.810 also requires submission of the Strategic Plan Progress Report with the budget request.

Major steps in the budget process include:

- 1) Development and approval of budget calendar
- 2) Development and approval by GOPM of the program structure
- 3) Preparation of the 2006-2008 budget request consistent with guidelines
- 4) Submission of the 2006-2008 budget request to LRC and GOPM on or before November 1, 2005.

The budget, as presented, complies with all guidelines and requirements of GOPM and LRC as set forth in the 2006-2008 Branch Budget Request Manual (instructions). All priorities as recommended by the Commissioner and KBE are displayed as required by the budget design. FY06 appropriations are straight-lined as the Baseline Budget Request for FY07 and FY08 (as revised for personnel). Inflation cost drivers referred to as **Defined Calculations** are presented in the second component of the budget request. This portion of the request identifies mandated rate increases that are beyond the discretionary control of state agencies. These costs include the statutory 5% employee pay increment (even though in tight economic times the General Assembly in its budget bill often reduces the increment percentage), health insurance increases, retirement, security guards, etc. The third component, **Additional Budget Requests**, allows for requests in three critical areas of an Agency's operating budget:

- A) Growth Budget Requests allow for funding necessary to meet the current scope of work or program mission. An example would be a request for additional preschool funding;
- B) New or Expanded Activities and programs or levels of services, such as SEEK and

- Technology; and
- C) General Fund or Road Fund provides support to replace or sustain existing levels of services and operations currently supported by Federal Funds or Restricted Funds.

The strategic plan progress report includes the latest available performance data (2005 CATS data will be added prior to submission), performance goals for student subgroups and some additional performance indicators.

To summarize, the request includes:

- Additional funding for SEEK as the top priority, including cost of living increases, base salary increases and district incentive pay.
- Funds for additional days to the school calendar.
- Continued requests to fully fund preschool and technology.
- Request for reinstatement of the number of personnel vacancies as of 8/01/05.
- Separate and apart from our agency request, an interagency request will be submitted by the Education Cabinet on behalf of the Kentucky Department of Education, The Council on Postsecondary Education, and the Education Professional Standards Board requesting funds to support technology initiatives including the creation of a shared, seamless data system with student identifiers that would allow tracking of students across the P-16 system (including adult education) and into the workforce, a common support system for virtual learning and the infrastructure to support these initiatives.

Staff Recommendation(s) and Rationale(s):

Staff recommends that the KBE approve the proposed biennial budget worksheet and the strategic plan progress report for submission to GOPM and LRC. (The budget worksheet and strategic plan progress report will be sent to the Board under separate cover.) The documents reflect the KBE's priorities and comply with the budget preparation guidelines.

Impact on Getting to Proficiency:

The Biennial Budget is essential to the department-wide function of KDE in all efforts to better enable every child to achieve proficiency.

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Commissioner of Education

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